

## CHECKLIST FOR DIRECTORS

1. Determine the objectives of the cooperative.
2. Establish clear-cut policies for management to follow.

Both objectives and policies should be in writing and reviewed by the entire Board at least once a year.

3. Understand and approve the goals established by management.

(Goals are short-run and usually numerically stated.)

4. Make long-range plans.

Every cooperative should have at least a five-year plan (preferably longer) in writing. It must be continually reviewed and adjusted to meet changing needs. Plans should include sales plans, organization plans, facilities plans, and financing plans. It is particularly important to have at least a five-year plan on sources and uses of funds.

5. Know the intermediate and short-range plans.

6. Establish and use controls.

a. Inform hired management of what control information the directors need.

b. Use the information as analyzed for points 1, 2, 3, and 4 above.

The purpose of control is to compare what is actually happening with what was intended to happen. It is not possible to control without reference to plans.

Control is viewed in terms of action rather than in terms of restrictions.

The most effective control occurs when major attention is given to those key business performance areas which are vital to the survival of the cooperative. For each key performance area there are one or more key indicators which alert the Board and paid management to needed changes. It is essential to successful control that only relevant and vital information is used as a key indicator. Irrelevant information unnecessarily complicates the control function.

Key indicators should be as few as possible and yet provide the needed information.

CH-1-76



7. Develop external organization, i.e., subsidiaries and approve internal organization.
8. DO NOT DIRECT -- However, the Board through its chairman does direct -
  - (1) the top paid manager
  - (2) Board committees
  - (3) member committees

Individual Board members have no more authority than any other member of the cooperative except when in a convened Board meeting or as delegated by the Board. Individual Board members do not have the authority to direct employees of the cooperative.

9. Delegate all operational responsibility and authority to manager. Retain accountability.
10. Coordinate
  - a. Changes -- with objectives.
  - b. Controls -- with plans.
  - c. The management team (the Board of Directors and the manager).
11. Provide climate for manager to grow.
12. Give manager time to MANAGE, i.e., sitting in his chair and thinking.